



Agenda Date: 2/6/02

Agenda Item: 4C

STATE OF NEW JERSEY

Board of Public Utilities

*Two Gateway Center
Newark, NJ 07102*

TELECOMMUNICATIONS

IN THE MATTER OF THE PETITION FOR AN)	
ORDER AUTHORIZING BUSINESS TELECOM,)	<u>ORDER OF APPROVAL</u>
INC. D/B/A BTI TO PROVIDE LOCAL)	
EXCHANGE AND INTEREXCHANGE)	
TELECOMMUNICATIONS SERVICES)	
THROUGHOUT NEW JERSEY)	DOCKET NO. TE01070416

(SERVICE LIST ATTACHED)

BY THE BOARD:

By letter dated July 9, 2001, Business Telecom, Inc. d/b/a BTI (Petitioner or BTI) filed a petition with the Board of Public Utilities (Board) requesting authority to provide local exchange and interexchange services throughout the State of New Jersey. BTI responded to a Staff questionnaire by letter dated August 17, 2001 and to Staff interrogatories by letters dated December 11, 2001 and December 14, 2001.

According to the petition, Petitioner was incorporated under the laws of the State of North Carolina on November 14, 1983 as Telefax, Inc. Petitioner amended its Articles of Incorporation and changed its name to Business Telecom, Inc. on August 14, 1984. Petitioner's principal offices are located at 4300 Six Forks Road, Raleigh, North Carolina 27609. Petition at 3.

Petitioner submitted copies of its Articles of Incorporation, New Jersey Certificate of Good Standing and its New Jersey Certificate of Authority to Operate as a Foreign Corporation. Petition at 4, Exhibits A & B. According to the petition, BTI was formed to provide local exchange and interexchange services. Petition at 1. Petitioner advised that it is currently authorized to provide facilities-based and resold local exchange and interexchange services in Alabama, Delaware, Florida, Kentucky, Louisiana, Maryland, Texas, Washington, and Wisconsin. It is also authorized to provide facilities-based and resold local exchange service only in the District of Columbia and facilities-based and resold local exchange plus resold interexchange service in Kansas, Pennsylvania and Virginia. Finally, BTI is authorized to provide facilities-based and/or resold interexchange service in most other states. BTI advised that it has not been denied authority to provide telecommunications services in any state. In addition, BTI indicated that it has no pending civil, criminal or administrative actions against it. BTI advised that it has not negotiated any interconnection agreements.

In its petition, Petitioner advised that it seeks authority to offer a full range of local exchange and interexchange telecommunications services primarily to business customers throughout New Jersey. Petitioner plans to offer services that include: local, long distance, data, web hosting, access digital subscriber line, paging, and other enhanced services. BTI may also offer some services on a wholesale basis to other carriers. BTI intends to provide services using a combination of resold facilities, UNE-P and BTI's own facilities. Petition at 7. December 11, 2001 letter.

Petitioner requested a waiver of N.J.S.A. 48: 3-7.8(a), N.J.A.C. 14:1-4.3, and 14:1-5.15, which require that its books and records be maintained in accordance with the Uniform System of Accounts (USOA) and within the State of New Jersey. In the interest of efficiency and to prevent undue burden, Petitioner requested permission to maintain its books and records in accordance with Generally Accepted Accounting Principles (GAAP). Petition at 6. Petitioner also requested permission to keep all books, records, documents and other writings incident to the conduct of Petitioner's business in the State of New Jersey at Petitioner's corporate offices in Raleigh, North Carolina. Petition at 6. Petitioner also stated that, upon written notice from the Board, it will produce its books and records at such time and place within New Jersey as the Board may designate and will pay any reasonable expenses for examination of the records. Petition at 6.

Petitioner asserted that approval of its petition will further the public interest by expanding the availability of competitive telecommunications services in the State of New Jersey. Petition at 8.

With regard to its technical and managerial qualifications, BTI stated that it possesses the technical capability and managerial qualifications to operate and manage its telecommunications operations in the State of New Jersey. Petition at 5. Petitioner submitted the professional biographies of its key personnel who, according to BTI, are well qualified to execute its business plans, and have extensive managerial and technical experience in the telecommunications industry. Petition at 5, Exhibit C.

Petitioner has submitted, as evidence of its financial qualifications, pro forma financials of its corporate parent, BTI Telecom Corp., and will need to file pro forma income statements for the first two years of its New Jersey operations, prior to approval of its tariff.

The Division of the Ratepayer Advocate, by letter dated February 4, 2002, recommended approval of this petition.

DISCUSSION

On February 8, 1996, the federal Telecommunications Act of 1996, P.L. 104-104, 110 Stat. 56, codified in scattered sections of 47 U.S.C. §151 et seq., was signed into law, removing barriers to competition by providing that:

[n]o State or local statute or regulation, or other State or local legal requirement, may prohibit or have the effect of prohibiting the ability of any entity to provide any interstate or intrastate telecommunications service.

[47 U.S.C. §253(a)].

Therefore, Board approval of Petitioner's entry into the telecommunications marketplace is required, assuming Petitioner meets all other requirements, including, but not limited to, a demonstration of financial, technical and managerial integrity.

In considering this petition, the Board recognizes its obligation not to prohibit entry into intrastate telecommunications markets. 47 U.S.C. §253(a). Approval is also in keeping with the New Jersey State Legislature's decision that it is the policy of the State to provide diversity in the supply of telecommunications services, and its findings that competition will "promote efficiency, reduce regulatory delay and foster productivity and innovation" and "produce a wider selection of services at competitive market-based prices." N.J.S.A. 48:2-21.16(a)(4); N.J.S.A. 48:2-21.16(b)(1) and (3).

Therefore, having reviewed BTI's petition and the information supplied in support thereof, the Board FINDS that Petitioner has demonstrated that it possesses the requisite financial, technical and managerial resources, which are necessary to provide telecommunications services in New Jersey. Accordingly, the Board HEREBY AUTHORIZES Petitioner to provide local exchange and interexchange telecommunications services in New Jersey subject to approval of its tariff and the submission of pro forma financial statements for its New Jersey operations. The Board notes that Petitioner will not be able to provide telecommunications services until a tariff is approved by the Board and the required financial statements have been provided.

Regarding the Petitioner's request for waivers of Board rules, the Board FINDS that the Petitioner has demonstrated good cause why the Board should grant relief from its requirements that Petitioner maintain its books and records under the USOA and within New Jersey. Therefore, subject to the Petitioner's continuing responsibility to provide the Board its books and records upon 48 hours notice, and in the manner requested, and to pay to the Board any reasonable expenses or charges incurred by the Board for any investigation or examination of these books and records, the Board APPROVES Petitioner's request for the exemptions from maintaining its books and records in New Jersey and under the USOA.

DATED: 02/06/02

BOARD OF PUBLIC UTILITIES
BY:

(signed)
JEANNE M. FOX
ACTING PRESIDENT

(signed)
FREDERICK F. BUTLER
COMMISSIONER

(signed)
CAROL J. MURPHY
COMMISSIONER

(signed)
CONNIE O. HUGHES
COMMISSIONER

ATTEST:

(signed)
HENRY M. OGDEN
ACTING BOARD SECRETARY